

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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March 4, 2004

Barbara Anne Sousa, Esq.
Verizon Massachusetts
185 Franklin Street - 13th Floor
Boston, MA 02110

RE: E911 Surcharge Proceeding, Phase II
D.T.E. 03-63
Department Selection of Auditor

Dear Ms. Sousa:

On July 14, 2003, the Department of Telecommunications and Energy ("Department") issued an Order establishing a monthly interim surcharge of \$0.85 per residential and business retail line to pay for the cost of E911 and disability access programs in Massachusetts. E911/Disabilities Access Surcharge, D.T.E. 03-63-Phase I (2003) ("Interim Surcharge Order"). In the Interim Surcharge Order, we directed Verizon New England, Inc. d/b/a Verizon Massachusetts ("Verizon") to conduct an independent audit of its residential directory assistance revenues and E911/disabilities access program costs. Id. at 19. The Department required Verizon to (1) submit its draft request for proposals ("RFP") for approval, and (2) submit the responses received with a recommendation of auditor, and the Department would select an auditor. Id. The Department also allowed Verizon to charge the cost of the audit as an expense to the residential directory assistance fund. Id.

On August 13, 2003, Verizon filed a draft RFP for the audit, and the draft RFP was amended and refiled on October 10, 2003. On October 23, 2003, the Department approved Verizon's amended RFP. Verizon issued its RFP, and received four bids on December 22, 2003. Bids were received from Deloitte & Touche LLP, Ernst & Young, Huron Consulting Group LLC, and Mitchell & Titus LLP. On February 4, 2004, Verizon filed the four bids with the Department, and recommended Ernst & Young be selected to perform the audit.

The Evaluation and Selection Process section of the Department-approved RFP states that the Department will select the winner bidder based on the factors of relevant experience, cost of the project, services to be provided, Verizon's recommendation and other considerations that are deemed relevant. RFP § 3.4. The Department's selection of a winning bidder should not be considered a final Department decision pursuant to G.L. c. 25, § 5.

Based on our analysis and the application of the criteria from the Department-approved RFP, the Department hereby selects bidder Ernst & Young to perform the directory assistance audit. Pursuant to the Interim Surcharge Order at 19, Verizon shall enter into a contract with Ernst & Young, and submit a signed copy of the contract to the Department.

By Order of the Department,

_____/s/_____
Paul G. Afonso, Chairman

_____/s/_____
James Connelly, Commissioner

_____/s/_____
W. Robert Keating, Commissioner

_____/s/_____
Eugene J. Sullivan, Jr., Commissioner

_____/s/_____
Deirdre K. Manning, Commissioner

CC: D.T.E. 03-63 Service List